

United States District Court
for the
Southern District of New York
Related Case Statement

Full Caption of Later Filed Case:

SPORT-BLX, INC., individually and
derivatively on behalf of its shareholders,

Plaintiff

Case Number

vs.

1:22-cv-8111

MICHAEL M. SALERNO, NORTHEAST
PROFESSIONAL PLANNING GROUP, INC.,
CYPRESS HOLDINGS, III, L.P., JOHN AND JANE
DOES 1-4; and XYZ CORPS. 1-4,

Defendant

Full Caption of Earlier Filed Case:

(including in bankruptcy appeals the relevant adversary proceeding)

CYPRESS HOLDINGS, III, L.P.,

Plaintiff

Case Number

vs.

1:22-cv-01243-LGS

SPORT-BLX, INC., GLASSBRIDGE
ENTERPRISES, INC., GEORGE HALL
and JOSEPH DEPERIO,

Defendant

Status of Earlier Filed Case:

☐

Closed

(If so, set forth the procedure which resulted in closure, e.g., voluntary dismissal, settlement, court decision. Also, state whether there is an appeal pending.)

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Open

(If so, set forth procedural status and summarize any court rulings.)

On January 11, 2022, Cypress Holdings, III, L.P. ("Cypress") filed a Complaint against Defendants Sport-BLX, Inc. ("Sport-BLX"), GlassBridge Enterprises, Inc. ("GlassBridge"), George Hall and Joseph DePerio in the Supreme Court of the State of New York, New York County (Index No. 650179/2022) (the "First Filed Action"). On February 14, 2022, Defendants removed the First Filed Action to the United States District Court for the Southern District of New York ("SDNY") pursuant to 28 U.S.C. § 1441 et seq. On April 7, 2022, Plaintiff Cypress, individually and derivatively on behalf of Sport-BLX, filed a First Amended Complaint against the same Defendants. On May 31, 2022, Defendant GlassBridge and Defendants Sport-BLX, Hall and DePerio filed separate motions to disqualify Cypress' counsel (Fox Rothschild LLP).

Explain in detail the reasons for your position that the newly filed case is related to the earlier filed case.

As alleged in the First Filed Action, Sport-BLX is a company that was formed by Hall and DePerio for the purpose of creating a "new economy" in sports by "tokenizing" sports assets and creating a blockchain platform to improve the dynamics of investing in those assets. Cypress, an investment company whose Managing Partner is Michael Salerno, purchased almost 8,000 shares of Sport-BLX common stock in February 2019. On December 12, 2019, GlassBridge, an asset management company, acquired shares of Sport-BLX common stock from Hall and DePerio to bring its ownership in Sport-BLX to a controlling 50.7%. In its First Amended Complaint in the First-Filed Action, Cypress alleges that Hall and DePerio used the sale to GlassBridge to evade their promise to vote their shares in favor of electing a Cypress representative to Sport-BLX's Board and to reap windfall profits by manipulating the company's stock price. Cypress further alleges, in addition to other allegations, that Hall and DePerio made certain misrepresentations in connection with Cypress' investments in Sport-BLX. Based on this wrongful conduct, Cypress brought the First-Filed Action against Sport-BLX, GlassBridge, Hall and DePerio alleging securities fraud, breach of the implied covenant of good faith and fair dealing, fraud in the inducement, negligent misrepresentation, tortious interference with contract, unjust enrichment, and breach of fiduciary duty. The latter two claims were asserted both directly and derivatively on behalf of Sport-BLX.

In the Later Filed Action, Sport-BLX, individually and derivatively on behalf of its shareholders, alleges breach of fiduciary duty, tortious interference with prospective economic advantage, breach of the implied covenant of good faith and fair dealing, and aiding and abetting breaches of fiduciary duty against Salerno, Cypress, and Northeast Professional Planning Group, Inc. ("NPPG"), another entity for which Salerno serves as Chief Executive Officer. The Verified Complaint in the Later Filed Action specifically references and quotes from the Complaint in the First Filed Action.

The newly filed case is related to the earlier filed case because (a) the actions concern the same or substantially similar parties, transactions or events; (b) there is a substantial factual overlap; (c) the parties may be subjected to conflicting orders; and (d) there would be a substantial duplication of effort and expense, delay, and undue burden on the Court, parties and witnesses in the absence of a determination of relatedness.

Signature: /s/ A. Ross Pearlson Date: 9/22/2022

Chiesa Shahinian & Giantomasi PC

Firm: _____

Related Case Statement (continued)

Status of Earlier Filed Case (continued):

On August 23, 2022, Hon. Lorna G. Schofield entered an Opinion and Order granting Defendants' motions to disqualify Fox Rothschild LLP as counsel for Cypress. The Court further stayed discovery for 30 days to permit Cypress to secure substitute counsel.